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Colleges Rethink Fund-Raising Expenses and Staffs

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After several years of aggressive hiring, some college fund-raising operations are now cutting back as both revenue and investment income fall. The regrouping could slow growth plans on many campuses at a time when the need for private support has never been greater.

Among the institutions that have laid off fund-raising staff members recently are Oklahoma State University, the University of Connecticut, and the University of Washington. And Cornell University announced last month that it would lay off employees in a reorganization of its department of development and alumni affairs, while hiring more frontline fund raisers. The University of Rochester is taking a similar approach.

Thirteen percent of the 48 colleges that responded to a March survey by Eduventures Inc. about the recession's impact on fund raising said they were cutting staff members. More common cost-cutting measures included eliminating nonessential travel, imposing hiring freezes, and canceling or scaling back events.

More than two-thirds of the public institutions in the consulting company's survey said they faced budget cuts of 6 percent to 25 percent. For private colleges, more than one-third predicted budget cuts of 1 percent to 5 percent.

Layoffs and hiring freezes are a major departure from the past several years, a time when many colleges beefed up their fund-raising operations amid efforts to widen their donor bases and tap into donors' appreciated assets. As they moved from one big campaign to the next, colleges rarely reduced staffing levels. Some doubled their fund-raising staffs over the past five to 10 years.

Often the colleges cutting employees are laying off back-office staff members and preserving the jobs of the fund raisers who meet with donors. Many institutions that aren't cutting employees are nonetheless halting expansion plans and sometimes shifting staff members to areas of greatest need. Even programs that are still hiring are doing so at a slower pace.

Tough Choices

Some observers say cutting fund-raising positions is not the best long-term strategy, because the development office makes money for the institution and because fund raising takes time.

“I’d say it’s the stop of last resort in most cases,” said Jennifer Zaslow, a senior analyst at Eduventures. Building a team that knows the institution and its donors takes time, she said.

It also takes time for people to perform at the top of their abilities. According to Eduventures, major-gift officers typically take five years before their performance exceeds the averages for frequency and number of gifts that fund raisers bring in.

Laying off administrative staff members also hurts bottom-line results. The more support staff members a major gift officer has, the consulting company found, the more solicitations and gifts go up.

When the University of Washington announced last month that it would cut 70 positions and reduce an additional 16 jobs from full time to part time on the support staff, the philanthropic community noticed. The cuts, a combination of layoffs and leaving open positions unfilled, represented about 20 percent of the university’s advancement operation, which includes fund-raising and alumni-affairs staff members.

Connie Kravas, vice president for university advancement, said the decision to cut employees who had helped with the university’s recently completed \$2.5-billion campaign was grueling. “We had never intended to cut positions at all,” she said.

But a sharp decline in endowment income, which pays for the office, made the cuts necessary, she said. Ms. Kravas decided to act fast to reassure remaining staff members that their jobs would be secure in the next two-year budget.

“It was really important to me—otherwise, we’d have people in constant panic,” she said.

At the Oklahoma State University Foundation, a decline in giving and in investment performance forced leaders to cut 10 percent of their 100-person staff through a combination of layoffs and attrition, said Becky Endicott, senior director of marketing and communications. The foundation faced a 10-percent reduction in its budget and may have to cut spending by another 10 percent, she said.

Staffing was the last thing the foundation wanted to cut, but it was a necessary choice, Ms. Endicott said.

Still Hiring

Some places that have expanded their fund-raising staffs in recent years are still hiring, just at a slower rate. That goes for the University of California at Los Angeles, the University of Chicago, and the University of Michigan at Ann Arbor.

In the past year, UCLA has hired 14 new development officers, an 11-percent increase, for a total of 140 development officers and 130 support-staff members. The business is about building long-term relationships, said Tracie Christensen, associate vice chancellor for development. The

university wants to keep people and develop their talent, goals that it believes will lead to more donations.

To help with hiring and continue growing, UCLA has raised the "[gift tax](#)," or fee, it takes from donations to 6.5 percent from 5 percent and has increased the amount it takes from its endowment each year.

Ronald J. Schiller, vice president for alumni relations and development at the University of Chicago, said his office fills a new position when it believes doing so will produce a return on investment of about 10 times the money spent in that year. "We should be investing where we see a strong return, whether we're in a campaign or not," he said.

But some of the positions Chicago planned to add this year will be delayed for six to 12 months. To save additional money, the university is rethinking some events it once held at grand locations and turning them into cozier gatherings at supporters' homes.

Fund raisers at Michigan, which finished a campaign at the end of last year, are operating with the attitude of business as usual, said Chrissi Rawak, an assistant vice president in the development office. The university is continuing to fill open slots in the office, she said. "It's not a time for us to panic. We still have to raise money for Michigan and stay focused."

If cuts have to be made in the 480-person operation, fund raisers and support-staff members would be the last expense touched. "When you do that," Ms. Rawak said, "you basically cut your arms and legs off."